

STEAMSHIP SUBSIDIES

OBJECTIONS

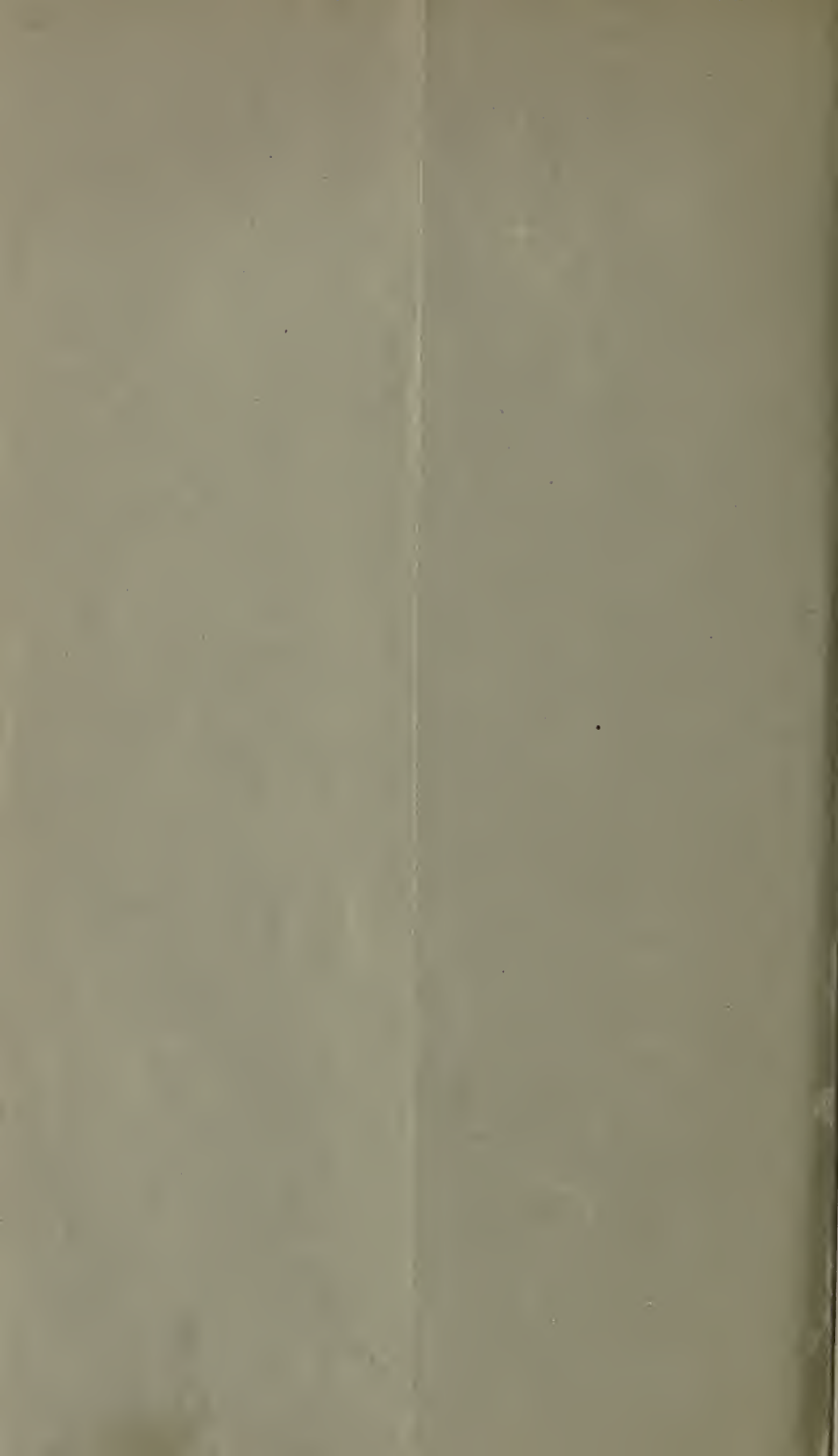
TO THE

Pacific Mail Steamship Company's

PLEA FOR A SUBSIDY

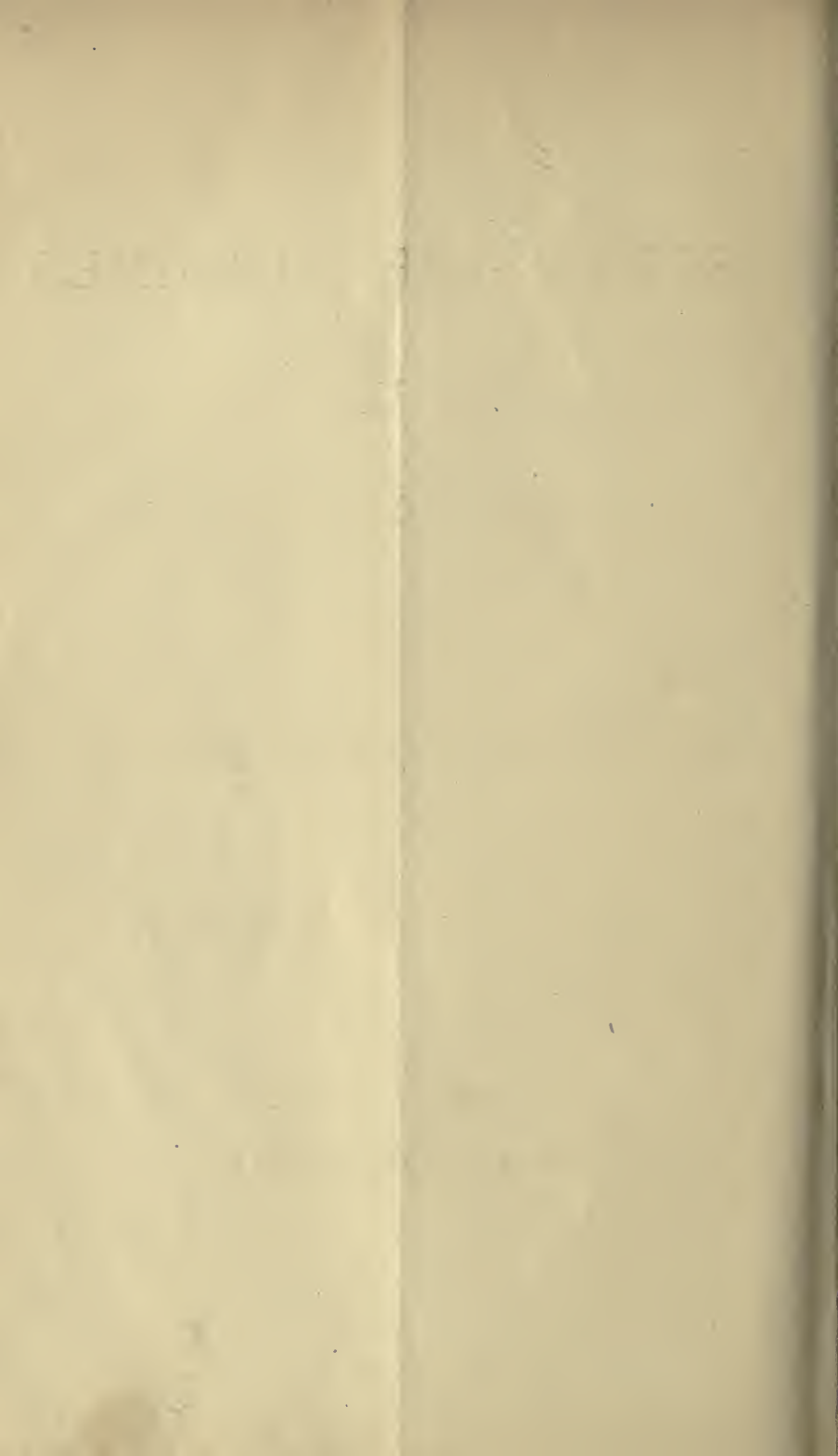
OF

\$5,000,000.





Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation



STEAMSHIP SUBSIDIES

OBJECTIONS

TO THE

PACIFIC MAIL STEAMSHIP COMPANY'S

PLEA FOR A SUBSIDY

OF

\$5,000,000.

The following observations and corrected statistics are respectfully submitted to the consideration of Senators and Members of the Forty-fifth Congress.

SAN FRANCISCO, Dec. 29th, 1877.

The late subsidy of \$500,000 per year to the Pacific Mail Steam Ship Company, for a mail service between San Francisco and China, via Japan, which was authorized by Congress in 1866, and under which the Company received \$5,000,000 from the United States Treasury, expired by limitation of time at the close of 1876.

The Steamship Company applied to the last Congress for a renewal of the contract at the same rate of payment, and succeeded in obtaining a favorable report from the Postal Committee of the Senate, followed by an amendment to the general postal appropriation bill, providing for a payment of \$500,000 for the current year.

Fortunately for the country, the House of Representatives refused to concur in the Senate's amendment.

The application to Congress is renewed at the present session, and as it has for its object the endowment of a commercial company (working for private gain), with a large annual payment from the public Treasury, it becomes expedient to ascertain what compensating advantages the company offers to the country.

The President of the Pacific Mail Company has lately issued a pamphlet, entitled "The National Advantages of Government aid to American Commerce," in which he presents and urges the claims of his company to Government aid; and inasmuch as the statements and arguments contained therein, represent the company's case, the writer proposes to subject them to the test of a careful and impartial examination.

Mr. Clyde opens his plea with a reference to the action of the Senate at its last session; he then produces, with approval, a circular which was issued at Washington, in February last.

Taking into account its origin and purpose, this circular is a very curious production. Its preamble reads:

"The Committee of the Senate on Post Offices and Post Roads have recommended the appropriation of \$500,000 to pay the Pacific Mail Steamship Company for carrying the United States Mails on the Pacific Ocean, and the following reasons for granting such an appropriation are respectfully submitted."

The circular is signed, W. P. Tisdell, General Agent, Pacific Mail Steamship Company.

Pretending to state important facts affecting the commercial interests of the whole country, and professing to set forth, for the information of Congress, wise and honest reasons why Congress should endow this private company with the money its managers ask for, the circular is filled with exaggerations and with fictions which have no basis of fact, as will presently be shown, and these fabrications are gravely paraded as the reasons urged by the Company upon the Senate Committee, and reproduced for the information of Members of Congress, as good and sufficient reasons why Congress should vote a large sum of the public money to enrich a private corporation of ship owners.

The circular is not the work of men who have a right to plead ignorance of the subject upon which they undertake to enlighten Congress. If not actually written by, it is endorsed and approved by the President and managers of a great steamship company whose traffic centers at San Francisco. One cannot easily understand how an intelligent man, in Mr. Clyde's position, can be so ignorant of the trade of that port, and also of the annual value of the trade carried on by his own company's vessels during the years immediately preceding the issue of the circular as to give the sanction of his name and office to statements which are so far above the figures which official statistics of the trade of San Francisco supply for the information of any one who cares to examine them. It is also surprising that he should have permitted an important document to be presented to Congress, in the name of his company, without being perfectly informed as to the truth or falsity of its positive and repeated assertions, that British subsidized steam lines are running in opposition to the Pacific Mail Company, on the Pacific Ocean, and threatening the existence of the American company so seriously that Government aid alone, can save it.

The circular opens with a declaration that "There is growing up a commerce between the South American Republics and the British possessions in the Pacific Ocean, the great Asiatic nations, and our own country, the magnitude of which is not clearly understood, and the future of which it requires some boldness to predict. *Already the volume of this infant commerce at San Francisco alone reaches a total of \$100,000,000 per annum, and the Pacific Mail Steamship Company's vessels carry two-thirds of this trade,*" i. e. \$66,000,000."

The total value of exports (exclusive of treasure) from San Francisco to all foreign countries in 1876, ~~were~~ larger than those of any previous year, and amounted to \$28,786,086; of this value \$20,000,000 went to Europe via Cape Horn, in sailing vessels.

The exports to all the countries named in the circular were as follows: To China, \$2,982,950; to Japan, \$421,841; Mexico, \$1,188,997; South America, \$371,749; Australia, \$477,439; New

Zealand, \$117,198; Sandwich Islands, \$782,897; Central American States, \$650,000. Total about \$7,000,000.

The total imports from *all* foreign countries amounted to \$37,559,018. From China, \$4,179,277; Japan, \$11,774,219; (nearly seventy per cent. sent overland by railroad); Mexico, \$5,033,628; Central America, \$1,612,494; Sandwich Islands, \$1,516,714; South America, \$216,343; Australia, \$647,382. Total imports from all countries on the route of the Pacific Mail steamers, \$25,000,000. Total of imports and exports, \$32,000,000—less than one-third of the amount claimed by the officials of the Pacific Mail.

Of this value, the Pacific Mail Steamers carried about \$3,200,000 out, and brought in about \$8,700,000 of the imports; they also carried \$4,589,533 of treasure to China, making a total value of \$16,490,000, instead of \$66,000,000, as claimed in the company's circular to Congress.

For the correctness of these figures, the writer begs to refer Mr. Clyde to the manifests of the Pacific Mail Steamers, and to the "Commercial Review" for 1876 by that trustworthy publication, the *Commercial Herald* of San Francisco. The quarterly reports of the Bureau of Statistics may be consulted with advantage by his Washington circular writer.

It may not be amiss to observe here, that the special trades which Mr. Clyde is so bent upon developing that he wants a bonus of \$500,000 per annum, to aid him in carrying on the work, are against the United States in the proportion of three and one-half to one, notwithstanding the advantage of their connection with us by means of the Pacific Mail Steamers for many years. The next section of the circular opens with this fiction of British encroachments, which are to be checked, not by diplomacy or arms, but by money: "It is the supreme object of the English "to grasp and retain this now important, but eventually colossal "commerce, and to compass this object, *two subsidized* lines of "British steamers are doing all that well directed energy, encouraged by Governmental aid, can do to drive from that ocean (the "Pacific), the only American steamship line."

The writer challenges the President of the Pacific Mail to name one British steam line—subsidized or unsubsidized—that is in competition with the Pacific Mail Steamers on the Pacific ocean, or that is making any attempt to "grasp the commerce," or any part of the commerce of San Francisco, with China, Japan, Mexico, Central America, the Pacific Islands or Australia. There are but five English steamships in the North Pacific, and they are all under American control, and running in American lines; two of these vessels, the *Zelandia* and *Australia* are in the *Pacific Mail line* to Australia, they are managed by Pacific Mail agents, fly the Pacific Mail flag, and share with the Pacific Mail,

the Australian subsidy. Besides, the commerce in which they are engaged cannot be called "colossal," the exports to Australia and New Zealand being under \$600,000 last year, and the imports by steamer under \$100,000. The other three English steamers are the Oceanic, Belgic and Gaelic, chartered by the managers of the Central Pacific Railroad, and running from the Pacific Mail wharf, in connection with the Pacific Mail Steamers, to Japan and China. They were brought out to San Francisco under American charter and control, they have continued under that control ever since, and when it ends they will return to England. As long as they remain under charter to the Central Pacific people, they are for all commercial purposes an American line; moreover, they have never had a subsidy. There is not another British merchant steamship in the Pacific ocean, north of Panama, and the Pacific Mail Steamers do not go south of Panama.

The British line running south from that port is not in competition with the Pacific Mail; it is to a certain extent an ally and feeder, as it connects with their steamers from San Francisco and New York, and enables them to book passengers and cargo and send mails through to South American ports.

The exports from San Francisco to South America were only \$216,343—much of it by sailing vessels—and the imports, \$371,749; so it is not likely that the British South American Line will expend much "well-directed energy," or "governmental aid," to grasp that small portion of Messrs. Tisdell & Clyde's "colossal commerce."

With these undeniable facts staring them in the face, the position of the authors of that circular, for the "information of Members of Congress," is not an enviable one. They may, perhaps, attempt to escape from their awkward dilemma by retreating upon the Peninsular & Oriental Line that carries the Japan and China Mails to England, and also a mail from Melbourne, by way of Suez. But that subterfuge can't help them much. The P. & O. steamers run on different routes from the Pacific Mail vessels; and, except on the short run between Japan and Hong Kong, they sail in exactly opposite directions. The P. & O. Company has no more interest in, or connection with that \$100,000,000 "trade of the Pacific Mail which centres at San Francisco, than it has in the trade of the railroads that centre at Chicago.

The Peninsular & Oriental Company has never sent a steamer across the Pacific, or to an American port; and, with the exception of its branch lines from Hong Kong to Shanghai and Japan, all its steamers sail from English ports to English ports; this cannot be called an encroachment on waters sacred to the Pacific Mail, particularly as under a system of navigation laws, similar to ours, the Pacific Mail steamers would be excluded from the P. & O. routes, as foreign ships and steamers are now excluded from the trade

between New York and San Francisco. On its coastwise line the Pacific Mail Company is already perfectly protected by law against the machinations of foreign ship-owners and foreign governments, and that line is understood to be by far the most lucrative branch of its trade.

The next paragraph in the "circular" declares that the appropriation of \$500,000 per annum, for a monthly mail to China, "will give a compensation per mile for carrying the United States Mails less than is now paid by any government in the world for ocean mail transportation."

The only European countries that pay more than \$100,000 a year for ocean-mail service are England and France. The largest mail subsidy per annum, and per mile, paid by England, and one that is most frequently referred to in Mr. Clyde's pamphlet, is the subsidy to the Peninsular & Oriental Company; and this is how Mr. Clyde puts that contract before Congress and the American public: "In August, 1870, the British Government concluded a "contract for a mail steamship service, for ten years, for £450,000 " (about \$2,250,000) a year, from England, to China and Japan."

Any one not familiar with the general conditions of the P. & O. contract would naturally infer, on reading the above, that England pays that enormous sum for her mail service to "*China and Japan*." Mr. Clyde's anticipated subsidy looks very modest by comparison. The China and Japan branch of their service is, however, only a small part of the service performed under the P. & O. contract. That contract calls for a steamer each week from Southampton, landing mails at Gibraltar and Malta, and proceeding on to Suez; thence to Bombay this week, and Calcutta and Madras next week; and so on throughout the year. On the Calcutta weeks, an extra steamer starts from Suez for Bombay on the arrival at Suez of the Southampton steamer, and the fast mail *via* Brindisi; this arrangement gives a weekly mail to Bombay, whence the mails are distributed by rail to all parts of India. The Calcutta steamer calls at Ceylon every fortnight, and transfers mails to a steamer for China, calling at Singapore, Malacca, and Penang; at Hong Kong other steamers connect and carry the mails on to Shanghai and Japan. From Singapore a steamer is dispatched once a month for Queensland (Northern Australia), and from Ceylon once a month to Melbourne; also, one each month to Mauritius. The contract also calls for a fast steamer from Brindisi to Alexandria each week, to carry the fast overland mails that are sent *via* Italy, to catch the Southampton steamer for India, China, &c., at Suez. The same schedule is in operation with the return mails to England, and all, except the service between Ceylon and Melbourne, is included in the contract quoted by Mr. Clyde as a contract for mails "from England to China and Japan." Excluding the Melbourne service,

which is paid for by the Colony, the Company receives £450,000, \$2,250,000 per year from the British Post Office, equal to \$187,500 per month, for which their ships steam upwards of 125,000 miles per month, the compensation per mile is, therefore, exactly \$1.50.

The distance from San Francisco to China, via Japan, is 6,400 miles, or 12,800 for the round voyage—\$500,000 per year is \$41,666 per month, equal to \$3.25 per mile. If the postage receipts of the two lines are brought into the account, the difference in the mileage rate is far more favorable to the English contract, as their steamers carry 100 letters where the Pacific Mail steamers carry one. The vast trans-Atlantic mail service of the United States cost for the year ending June 30. 1877, \$159,742; counting the passage as 3,100 miles (we pay for the outward mails only), and four mails per week, the average cost was twenty-five and a half cents per mile. The mails coming to New York (except the French mails), pay about the same rate. We sent 3,224,427 ounces of letters, counting two to the ounce, 6,448,854 letters, and 13,307,837 ounces of printed matter, to Europe in the last postal year. The mails between San Francisco and China, in 1876, only carried (both ways) 256,474 letters and 261,165 newspapers, about one-half being carried by the Pacific Mail steamers.

"We earn 66 per cent. of all the freight paid at San Francisco, that is so much added wealth to the country," says the circular. Was the \$5,000,000 collected from the tax payers of the country and paid over to the steamship company—"so much added wealth to the country" or to the steamship company; and if the company really earns 66 per cent. of all the freights paid at San Francisco, why does it covet another \$5,000,000 of the public money? The freight paid on the inward and outward cargoes of sailing ships, entered and cleared at San Francisco in 1876, amounted to over \$16,000,000. If the Pacific Mail steamers earned 66 per cent. of all the freights paid at that port, they must have earned double that sum, or over \$32,000,000, giving them an average of over \$600,000 per voyage. A lame argument this to put forward in favor of their claim to a subsidy.

The company's next claim for the \$5,000,000 is stated thus: "All their vessels are built in American workshops, of American materials, by American mechanics," and sailed by Chinamen might have been added. One of their steamers, the *Honduras*, was built in Liverpool, and carries the American flag in violation of and defiance of the American navigation laws, which the company so strenuously uphold against all others. The engines of several of their steamers were built in Scotch workshops, of Scotch material, by Scotch mechanics, and imported from Scotland in Scotch steamers; but passing by these little discrepancies in their case, the work-

shops, materials and mechanics' plea applies with equal force and equity to every vessel built in the United States and sailing under the Stars and Stripes. There is not an American ship on the ocean, or schooner on the lakes, or sloop on the eastern rivers, but has just as good a claim for a subsidy, on the plea that they were built in American ship yards. The very circumstance that the steamers were so built should bar the doors of the Treasury against any further subsidy payments, for the reason that they are already protected by American laws from foreign competition, and from their dreaded foe, "the British exchequer," in their very lucrative New York and San Francisco trade—a protection that is equivalent to a subsidy of several hundred thousand dollars a year, which is paid by the merchants of New York and San Francisco in enhanced freights. Yet another claim is set forth that "our navy" does not contain a single ship so effective in point of strength and in point of speed as the Pacific Mail steamers."

On the point of strength, Mr. John Roach said of the ill-fated *Huron*: "Her hull contained 50 per cent. more iron than would be required by any underwriters rates for a vessel of her size. The four water-tight bulkheads were lapped and double-revited, which is never required in merchant vessels. She also had an iron deck." Can Mr. Roach say as much for the Pacific Mail ships built at his works

As the company's claims to a new subsidy are avowedly based upon the reasons set forth in the allegations and assertions of the circular, these claims should in justice to the country be withdrawn, now that it is shown that the conditions therein stated do not exist.

Mr. Clyde supplements his Washington circular with several pages of argument—original and selected—to prove that Congress should grant the endowment he asks for. He objects to the term "subsidy," and says it is "not properly applicable to such payments as are now asked for from the United States Government. What is asked for is fair pay for expenses incurred and services rendered—less than the mileage paid for carrying the mails by land."

Mr. Clyde is mistaken. He asks for \$500,000 per annum, for the transportation of the China mails over a sea route of 6,400 nautical or 7,350 statute miles.

The Central Pacific Railroad received last year \$260,000 for transporting mails between San Francisco and Ogden—distance 881 miles. The railroad mail trains make 365 round trips in the year, making a total mileage of 643,130. The steamship line makes 12 round trips in the year, making a total statute mileage of 176,640; at the railroad rate of mileage pay, the steamships are entitled to about \$90,000 instead of \$500,000. On the score of

"services rendered," the discrepancy is much greater, the Central Pacific Railroad transports 2,000 tons of mail matter in the year, at an average cost of \$130 per ton. The Pacific Mail line transports under 15 tons of mail in the year, for which it asks to be paid at the modest rate of \$33,300 per ton. At the railroad rates per pound the line would earn \$1,950 per year, instead of \$500,000; and even that comparatively paltry sum is five times as much as they receive for freight on 15 tons of ordinary cargo. The fallacies of Mr. Clyde's pamphlet revolve round three points, one or the other of which crop up on almost every page.

First. That the extension of English steam navigation and the increase of England's foreign commerce, are due solely to her subsidy system, which is or was applied to all her steamship lines.

Second. That English steamship owners are working to drive the Pacific Mail steamers from the Pacific Ocean, and that the British Government is aiding them with large subsidies. This point has been thoroughly refuted on a preceding page; we may add here that the only British subsidized line that crosses the Pacific Ocean, or any of the Pacific Mail routes, is the *Pacific Mail* line to Australia, which is heavily and liberally subsidized by the British Colonies of New South Wales and New Zealand. The contract was made in London where the British Government, had it been so inclined, could have stopped its completion, and induced the colonies to contract with British ship owners. The attempt to revive the old scare of British interference and British jealousy, is as absurd and childish as the cry is false. It is difficult to understand how Mr. Clyde can join in that cry, with that British contract in his possession.

Third. To "strike down" the Pacific Mail Company, by declining to subsidize, will be a great national calamity, involving in its ruin our Pacific ocean commerce, and "the future of our entire commercial marine." In support of his first proposition Mr. Clyde quotes from an obsolete report to the House of Commons, made in the early days of steam navigation, when the working expenses of ocean steamships were four times as much as they are to-day; when steamships starting on a voyage of 12 or 15 days duration were filled up with coal, and having little cargo space, were forced to depend upon their receipts from first-class passengers, and mails. The first steamers between England and New York charged £50 for passage, 25 cents for letters, and £15 to £20 per ton for such cargo as they could carry, and even at those prices they failed to make money enough to cover their expenses. Now we can cross the Atlantic in larger, faster, stronger and more comfortable steamships for \$60; we pay 5 cents postage, and twenty shillings freight on cargo. Steerage passengers travel for \$30 on the Britannic and Germanic, at twice the speed, and with nearly as much comfort as the cabin

passengers who paid £50 on the British Queen in 1838. What has wrought this great change? Is it due to British subsidies? not a bit of it. It was brought about by the competition of unsubsidized companies. Of all the British lines that come into New York, the Cunard is the only line that owes anything to Government subsidies, and it is notoriously the slowest company to adopt improvements, or reduce its rates of fare.

The House of Commons decided six years ago that it was not expedient to grant subsidies to steam lines, except for mail service to the British possessions in the East and West Indies, and the British post office is cancelling or reducing the old contracts as fast as they expire.

There is not one subsidized steamship line from any one of the great commercial British ports of London, Liverpool, Glasgow, Bristol, Hull or Newcastle, while they count their unsubsidized lines by hundreds.

London, Liverpool and Glasgow have numerous steamship lines to North and South America, Southern Europe, Asia and Africa, all of which depend upon their traffic receipts alone, and have never asked for or received Government aid. Of 1092 British steamers that passed through the Suez canal last year, not one was a subsidized steamer except the weekly mail steamers of the Peninsular & Oriental Company.

The President of the Pacific Mail Steamship Company should know that the immense increase in British and German steam tonnage, which has mainly occurred since 1865, was brought about by improvements in the construction of ships, and marine engines, by the use of which, steamers have been enabled to supplant sailing ships on the great routes of ocean traffic, and to extend their voyages to continuous runs of 30 and 40 days. By the opening of the new short route to India and China via the Suez canal, which is only available for steamships. By the expansion of trade, and commercial and social intercourse all over the world, during the decade ending with the close of 1873, and by the inflation in values and the apparent general prosperity which existed in the United States, and in South and Central America during the last half of that term, and which was largely due to the extravagant expenditure of money borrowed in England, Germany and Holland for the construction of railroads and other public works.

These factors combined to give an enormous increase to the ocean steam traffic of the world, and British ship owners, and German, French, Spanish and Italian ship owners, who could build and buy steamships at English prices, profited largely by taking possession of it, while the high cost of building iron steamships in the United States, and the restrictive registry law which refuses an

American register to a steamship of foreign build, held back American ship owners, and deprived them of participation in the foreign steam trade of our Atlantic seaports. Mr. Clyde errs in stating that Germany subsidized her steam lines; the great steamship lines of Hamburg and Bremen were never subsidized.

France, under her Imperial Government, subsidized lines to India and China, to the West Indies, to South America, and to New York. Her line to the west coast of South America has failed and withdrawn from the trade, and the West India and New York lines have never been as successful, either as commercial or maritime ventures, as the unsubsidized British and German lines.

Mr. Clyde favors us with a well worn quotation from a speech of Mr. R. W. Crawford, M. P. for the City of London, which has often done service in subsidy applications to Congress. Mr. Crawford said, "Now what I desire to do on this occasion is to protest, in the name of what I consider to be the best interests of the country, and the interests of commerce, against the ships of any foreign country being employed in the conveyance of our mails, *to our Indian possessions.*" The words in italics, the very pith and marrow of the remarks, are omitted by Mr. Clyde. The occasion to which Mr. Crawford referred was a debate in the House of Commons on the renewal of the Indian mail contract. The French company, "Messageries Imperiales," having already a large subsidy from the Imperial Government, for a French mail service to the Indian and China seas, had sent in a tender for the English mails, in competition with the P. & O. Company, and at a lower rate.

Mr. Crawford is the resident London partner of the great Calcutta firm of Crawford, Colvin & Co., who are largely interested in the P. & O. steamers, but apart from any personal interest in the question under discussion, he was undoubtedly right, and was supported by the House. The question was purely an English one; a domestic or family question so to speak. It was the authorization of a contract for the mail service between the United Kingdom, and the British Empire and possessions in the East, and it would have been then, as it ever will be, a grave mistake for England to permit that great trust to pass into the control of foreigners. There is no analogy between the British situation in relation to her mail service to India, and the position of the United States in connection with a mail service to China.

The United Kingdom has three millions of her sons and daughters resident in countries to which the P. & O. steamers carry her mails. She rules in those countries, native populations numbering over 200,000,000, souls. She maintains large armies and costly civil governments. She owns millions of square miles of territory, and has expended millions of money upon public works. A close connection under special government control must be maintained

with this vast Empire, by the quickest route, and by the best appointed steamships that English skill can supply. This regular communication must be kept up at any and every cost; great fortresses are maintained at Gibraltar, Malta and Aden, to protect the route which must be kept open and free for the passage of English mail ships, at the cost, if need be, of war with one, or all, of the Powers of Europe.

The United States is happily free from all like responsibility; our citizens, our territory, our armies, our public works, are all within the borders of our great Continental Republic; to reach them, or protect them, we are not compelled to cross the sea. All the countries to which the Pacific Mail steamers sail from San Francisco, do not hold 1000 American citizens. Our sole interests in those countries are trade interests which existed and prospered before the Pacific Mail Steamship Company was born, and will continue to flourish if it should die to-morrow.

The ~~perilous~~ wail which predicts disaster to "our whole commercial marine," as a consequence of refusing the subsidy asked for by the Pacific Mail Managers, comes with particularly ill grace from Mr. Clyde and his associates in the Pacific Mail, and Panama Railroad & Transit Companies.

Two years ago they were working energetically to "strike down" Pacific Mail, by depriving it of the most lucrative branch of its traffic—that between New York and San Francisco. Mr. Clyde and his allies then forced the Pacific Mail Company to the "edge of bankruptcy," and would have forced it over the edge had they failed to obtain the control. Their policy then was to rule or ruin the unfortunate Pacific Mail, without regard to the effect of that ruin upon the commerce of the Pacific Ocean, or upon "the future of our entire commercial marine."

Mr. Clyde gives his version of the procurement and cancellation of the subsidy contract of 1872. He holds that the company was wronged and that reparation is due from Congress in the shape of a new subsidy. But Mr. Clyde cannot have forgotten, or if he has the public has not, that the Subsidy Act of 1872 was forced through Congress by the extraordinary efforts of Pacific Mail officials. The public did not want the Act, Congress did not want it, nobody, outside of the steamship company, wanted it, and when the *laches* of the company gave Congress the opportunity to cancel the contract, the country was glad to be rid of a bad bargain into which it should never have entered.

In conclusion, Mr. Clyde deprecates hostility and prejudice against the Pacific Mail, which he fancies is "fostered by interested opponents." He probably mistakes opposition to the subsidy for hostility against the company. The writer of this paper has no hostility against the Pacific Mail or its managers.

He is always glad to hear of the company's legitimate successes, and regrets its frequent disasters. But opposition to a large grant of public money to a private trading corporation, is within the right of every citizen, and that right may, under special conditions, which plainly exist in this case, become a duty. The Pacific Mail Company has already received \$5,000,000 from the United States Treasury, for this very service, for which it has rendered a very inadequate return to the country.

It is now in receipt of a large subsidy from New South Wales, New Zealand and the Sandwich Islands, on the Australian branch of its service. It receives liberal pay from Mexico and the Central American Republics for the mails it carries to those countries.

It receives full postage on all mail matter carried by its China steamers, at rates that pay four times as much per pound as the rates paid to the railroad companies of the United States. The traffic of its coastwise line is estimated by the company's present managers (who are also managers of the Panama Transit Company and Directors of the Panama Railroad Company), to be worth \$1,800,000 a year. It is fully protected against all foreign competition in that trade, by United States laws; and finally, it has not a shadow of claim in equity or reason, upon Congress or the country, for a grant of money from the already over-taxed Treasury of the United States. Its attempt to make out a case in its own behalf has utterly failed, and the fictions it has attempted to impose upon Congress and the public, merit a stern rebuke from both Houses of the National Legislature, and from the public opinion of the country,

The Pacific Mail Steamship Company is receiving the following subsidies and postal receipts from the United States and Foreign Governments:

Subsidy from New South Wales and New Zealand,		
	per annum,	\$ 450,000
" " Sandwich Islands,	"	30,000
" " Mexico, Honduras, Guatemala, Salvador,		
Costa Rica and New Grenada.		110,000
Postages paid by the United States on Mails to China		
and Central and South America.....		40,000
		<hr/>
		\$630,000
X Estimated value of government protection against		
foreign competition on its Panama line.....		600,000
		<hr/>
Total annual value of Government aid and		
protection.....		\$1,230,000
		<hr/>

(The Australian contract runs to November 15th, 1883.)

This estimate is based upon the Directors statement that their

